

WEST VIRGINIA LEGISLATURE

2018 REGULAR SESSION

Introduced

House Bill 4503

BY DELEGATES MOORE, MAYNARD, WARD, MARTIN,
PAYNTER, HANSHAW, HOLLEN, STORCH AND UPSON

[Introduced February 12, 2018; Referred
to the Committee on Small Business,
Entrepreneurship and Economic Development then
Finance.]

1 A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new article,
 2 designated §31-15D-1, §31-15D-2, §31-15D-3, §31-15D-4, §31-15D-5 and §31-15D-6;
 3 and to amend said code by adding thereto a new section, designated §33-3-14e, all
 4 relating to establishing a West Virginia business growth in low-income communities tax
 5 credit; providing title; defining terms; establishing amount of credit allowed; transferability;
 6 certification of qualified equity investment; recapture of tax credits; notice of
 7 noncompliance; letter rulings; new capital requirement; and reporting.

Be it enacted by the Legislature of West Virginia.

CHAPTER 31. CORPORATIONS.

**ARTICLE 15D. WEST VIRGINIA BUSINESS GROWTH IN LOW-INCOME
COMMUNITIES TAX CREDIT.**

§31-15D-1. Title.

1 The provisions of this article shall be known as, and may be cited as, the West Virginia
 2 New Markets Jobs Act.

§31-15D-2. Definitions.

1 (a) Any term used in this article has the meaning ascribed by this section unless a different
 2 meaning is clearly required by the context of its use or by definition in this article.

3 (b) For purposes of this article, the term:

4 (1) "Affiliate" means an entity that directly or indirectly through one or more intermediaries
 5 controls, or is controlled by, or is under common control with the entity specified;

6 (2) "Applicable percentage" means zero percent for the first three credit allowance dates
 7 and 15 percent of the qualified equity investment for the next four credit allowance dates;

8 (3) "Authority" means the West Virginia Economic Development Authority as provided in
 9 §31-15-4 of this code;

10 (4) "Compliance period" means the period beginning on the date the qualified equity

11 investment is initially made and ending on the sixth anniversary of the date of the qualified equity
12 investment;

13 (5) "Credit allowance date" means with respect to any qualified equity investment:

14 (A) The date on which the investment is initially made; and

15 (B) Each of the six anniversary dates of such date thereafter.

16 (6) "Insurance Commissioner" means the Insurance Commissioner of West Virginia or his
17 or her designee as provided in §15-1-4 of this code;

18 (7) "Purchase price" means the amount paid to the qualified community development
19 entity for a qualified equity investment, which may not exceed the amount of qualified equity
20 investment authority certified pursuant to §31-15D-4 of this code;

21 (8) "Qualified active low-income community business" has the meaning given the term in
22 26 U. S. C. § 45D, as amended, and 26 C. F. R. § 1.45D-1. Any business that is nonprofit or
23 derives, or projects to derive, 15 percent or more of its annual revenue from the rental or sale of
24 real estate is not considered to be a qualified active low-income community business. The real
25 estate exception does not apply to a business that is controlled by or under common control with
26 another business if the second business: (i) Does not derive or project to derive 15 percent or
27 more of its annual revenue from the rental or sale of real estate; and (ii) is the primary tenant of
28 the real estate leased from the initial business. A business shall be considered a qualified active
29 low-income community business for the duration of the qualified community development entity's
30 investment in, or loan to, the business if the entity reasonably expects, at the time it makes the
31 investment or loan, that the business will continue to satisfy the requirements of being a qualified
32 active low-income community business, other than the size and net income standards, throughout
33 the entire period of the investment or loan;

34 (9) "Qualified community development entity" has the meaning given the term in Section
35 45D of the Internal Revenue Code of 1986, as amended: *Provided*, That the entity has entered
36 into an allocation agreement with the Community Development Financial Institutions Fund of the

37 U. S. Treasury Department with respect to credits authorized by Section 45D of the Internal
38 Revenue Code of 1986, as amended, which includes the State of West Virginia within the service
39 area set forth in the allocation agreement. An entity may not be deemed to be controlled by
40 another entity solely as a result of the entity having made a direct or indirect equity investment in
41 the other entity that earns tax credits under Section 45D of the Internal Revenue Code of 1986,
42 as amended, or similar state program. The term shall include subsidiary community development
43 entities of any qualified community development entity and transferees of qualified equity
44 investment authority pursuant to §31-15D-4 of this code;

45 (10) “Qualified equity investment” means any equity investment in, or long-term debt
46 security issued by, a qualified community development entity that:

47 (A) Is acquired after the effective date of this act at its original issuance solely in exchange
48 for cash;

49 (B) Has 100 percent of its cash purchase price used by the qualified community
50 development entity to make qualified low-income community investments in qualified active low-
51 income community businesses located in this state by the first anniversary of the initial credit
52 allowance date; and

53 (C) Is designated by the qualified community development entity as a qualified equity
54 investment hereunder and is certified by the authority pursuant to §31-15D-4 of this code.

55 This term shall include any qualified equity investment that does not meet the provisions
56 of paragraph (A) of this subdivision if the investment was a qualified equity investment in the
57 hands of a prior holder;

58 (11) “Qualified low-income community investment” means any capital or equity investment
59 in, or loan to, any qualified active low-income community business: *Provided*, That with respect
60 to any one qualified active low-income community business, the maximum amount of qualified
61 low-income community investments made in the business, on a collective basis with all of the
62 businesses’ affiliates, with the proceeds of qualified equity investments certified under §31-15D-

63 4 of this code, shall be \$5 million, exclusive of qualified low-income community investments made
64 with repaid or redeemed qualified low-income community investments or interest or profits
65 realized thereon;

66 (12) "State premium tax liability" means any liability incurred by any entity under §33-3-
67 14, §33-3-14a, §33-3-15, §33-3-16 or §33-3-17 of this code: *Provided*, That if the tax liability
68 imposed under these sections is eliminated or reduced, the term "state premium tax liability" shall
69 also include any tax liability imposed by this state on an insurance company or other person that
70 had premium tax liability under the laws of this state for the purpose of making up tax revenue
71 lost by the state as a result of the elimination or reduction of the taxes imposed under these
72 sections.

§31-15D-3. Transferability.

1 No tax credit earned under this article is transferrable to another entity other than an
2 affiliate subject to state premium tax liability or saleable on the open market: *Provided*, That tax
3 credits earned by or allocated to a partnership, limited liability company or S-corporation may be
4 further allocated to the partners, members or shareholders of the entity in accordance with the
5 provisions of any agreement among the partners, members or shareholders. The allocation shall
6 be not considered a sale for purposes of this article.

§31-15D-4. Certification of qualified equity investments.

1 (a) A qualified community development entity that seeks to have an equity investment or
2 long-term debt security designated as a qualified equity investment and eligible for tax credits
3 under this article shall first file a credit application with the authority. The authority shall begin
4 accepting applications on July 1, 2018. The application filed by the qualified community
5 development entity shall include the following:

6 (1) The amount of qualified equity investment authority requested;

7 (2) The amount of qualified equity investment authority requested that the applicant agrees

8 to designate as a federal qualified equity investment with the Community Development Financial
9 Institutions Fund;

10 (3) Evidence of the applicant's certification as a qualified community development entity,
11 including evidence of the service area of the entity that includes this state;

12 (4) A copy of an allocation agreement executed by the applicant, or its controlling entity,
13 and the Community Development Financial Institutions Fund;

14 (5) A certificate executed by an executive officer of the applicant attesting that the
15 allocation agreement remains in effect and has not been revoked or cancelled by the Community
16 Development Financial Institutions Fund;

17 (6) A business plan that includes a revenue impact assessment projecting state and local
18 tax revenue to be generated by the applicant's proposed qualified low-income community
19 investments prepared by a nationally recognized third-party independent economic forecasting
20 firm using a dynamic economic forecasting model that analyzes the applicant's business plan over
21 the 10 years following the date the application is submitted to the authority; and

22 (7) A nonrefundable application fee of \$10,000. This fee shall be paid to the authority and
23 shall be required of each application submitted.

24 (b) Within 30 days of receipt of a completed application containing the information set forth
25 in subsection (a) of this section, the authority shall grant or deny the application in full or in part.
26 The authority shall deny an application if the business plan submitted with the application does
27 not project revenue neutrality against the proposed tax credit utilization. If the authority denies
28 any part of the application, the authority shall inform the qualified community development entity
29 of the grounds for the denial. If the qualified community development entity provides any
30 additional information required by the authority or otherwise completes its application within 15
31 days of the notice of denial, the application shall be considered complete as of the original date
32 of submission. If the qualified community development entity fails to provide the information or
33 complete its application within the 15-day period, the application remains denied and must be

34 resubmitted in full with a new submission date.

35 (c) If the application is complete, the authority shall certify the proposed equity investment
36 or long-term debt security as a qualified equity investment that is eligible for tax credits under this
37 article, subject to the limitations contained in subsection (f) of this section. The Tax Commissioner
38 shall provide written notice of the certification to the qualified community development entity.

39 (d) The authority shall certify qualified equity investments in the order applications are
40 received by the authority. Applications received on the same day shall be deemed to have been
41 received simultaneously.

42 (e) For applications that are complete and received on the same day, the authority shall
43 first certify applications by applicants that agree to designate qualified equity investments as
44 federal qualified equity investments in proportionate percentages based on the ratio of the amount
45 of qualified equity investments requested in an application to be designated as a federal qualified
46 equity investment to the total amount of qualified equity investments to be designated as federal
47 qualified equity investments in all applications in which applicants agree to designate qualified
48 equity investments. Thereafter, the authority shall certify the qualified equity investments of all
49 other applicants, including the remaining qualified equity investment authority requested by
50 applicants not designated as federal qualified equity investments, in proportionate percentages
51 based on the ratio of the amount of qualified equity investments not requested in an application
52 to be designated as a federal qualified equity investment to the total amount of qualified equity
53 investments not requested in applications to be designated as federal qualified equity
54 investments.

55 (f) The authority shall certify no more than \$60 million in qualified equity investments
56 pursuant to this article.

57 (g) An approved applicant may transfer all or a portion of its certified qualified equity
58 investment authority to its controlling entity or any subsidiary qualified community development

59 entity of the controlling entity: *Provided*, That the applicant and the transferee notify the authority
60 of the transfer with the notice set forth in subsection (h) of this section and include the information
61 required in the application with respect to such transferee with such notice.

62 (h) Within one calendar year of the applicant receiving notice of certification, the qualified
63 community development entity shall issue the qualified equity investment and receive cash in the
64 amount of the certified amount and, if applicable, designate the required amount of qualified equity
65 investment authority as a federal qualified equity investment. The qualified community
66 development entity must provide the authority with evidence of the receipt of the cash investment
67 and designation as a federal qualified equity investment, if applicable, within one calendar year
68 and five days of the applicant receiving notice of certification. If the qualified community
69 development entity does not receive the cash investment, issue the qualified equity investment
70 and, if applicable, designate the qualified equity investment as a federal qualified equity
71 investment within such time period following receipt of the certification notice, the certification
72 shall lapse and the entity may not issue the qualified equity investment without reapplying to the
73 authority for certification.

74 (i) Lapsed certifications revert to the authority and shall be reissued:

75 (1) First, pro rata to applicants whose qualified equity investment allocations were reduced
76 pursuant to subsection (e) of this section with a preference to applicants who have agreed to
77 designate qualified equity investments as federal qualified equity investments; and

78 (2) Thereafter, in accordance with the provisions of this article.

79 (j) Recaptured tax credits and the related qualified equity investment authority are eligible
80 for reissuance to qualified community development entities under the provisions of this article and
81 recaptured tax credits shall be reissued:

82 (1) First, pro rata to applicants whose qualified equity investment allocations were reduced
83 pursuant to subsection (e) of this section, with a preference to applicants who agreed to designate
84 qualified equity investments as federal qualified equity investments; and

85 (2) Thereafter, in accordance with the provisions of this article.

86 (k) The authority must notify the Insurance Commissioner of the names of the entities that
87 are eligible to use tax credits provided under §31-15D-3 of this code, pursuant to an allocation of
88 tax credits or change in allocation of tax credits or due to a transfer of a qualified equity investment
89 upon the allocation, change or transfer.

§31-15D-5. New capital requirement.

1 No qualified active low-income community business that receives a qualified low-income
2 community investment from a qualified community development entity that issues qualified equity
3 investments under this article, or any affiliates of such a qualified active low-income community
4 business, may directly or indirectly: (1) Own or have the right to acquire an ownership interest in
5 a qualified community development entity or member or affiliate of a qualified community
6 development entity, including, but not limited to, a holder of a qualified equity investment issued
7 by the qualified community development entity; or (2) loan to or invest in a qualified community
8 development entity or member or affiliate of a qualified community development entity, including,
9 but not limited to, a holder of a qualified equity investment issued by a qualified community
10 development entity, where the proceeds of such loan or investment are directly or indirectly used
11 to fund or refinance the purchase of a qualified equity investment hereunder. For purposes of
12 this section, a qualified community development entity shall not be considered an affiliate of a
13 qualified active low-income community business solely as a result of its qualified low-income
14 community investment in such business.

§31-15D-6. Reporting.

1 (a) Qualified community development entities shall submit a report to the authority within
2 the first five business days after the second anniversary of the initial credit allowance date that
3 provides documentation as to the investment of 100 percent of the purchase price of the qualified
4 equity investment in qualified low-income community investments in qualified active low-income
5 community businesses located in West Virginia. The report shall include:

- 6 (1) The location of the qualified active low-income community business;
- 7 (2) A bank statement of the qualified community development entity evidencing each
8 qualified low-income community investment;
- 9 (3) Evidence that the business was a qualified active low-income community business at
10 the time of the qualified low-income community investment; and
- 11 (4) Any information regarding the recapture under Section 45D of the Internal Revenue
12 Code of 1986, as amended, of a federal tax credit available with respect to a qualified equity
13 investment that is eligible for a credit under this article.
- 14 (5) Any information regarding the qualified community development entity redeeming or
15 making principal repayment with respect to a qualified equity investment prior to the seventh
16 anniversary of the issuance of such qualified equity investment.
- 17 (6) Any information that the qualified community development entity failed to invest an
18 amount equal to 100 percent of the purchase price of the qualified equity investment in qualified
19 low-income community investments in West Virginia within 24 months of the issuance of the
20 qualified equity investment and maintain the level of investment in qualified low-income
21 community investments in West Virginia until the last credit allowance date for the qualified equity
22 investment. For purposes of this article, an investment shall be considered held by a qualified
23 community development entity even if the investment has been sold or repaid, if the qualified
24 community development entity reinvests an amount equal to the capital returned to or recovered
25 by the qualified community development entity from the original investment, exclusive of any
26 profits realized, in another qualified low-income community investment within 12 months of the
27 receipt of such capital. Periodic amounts received as repayment of principal pursuant to regularly
28 scheduled amortization payments on a loan that is a qualified low-income community investment
29 shall be treated as continuously invested in a qualified low-income community investment if the
30 amounts are reinvested in one or more qualified low-income community investments by the end
31 of the following calendar year. A qualified community development entity shall not be required to

32 reinvest capital returned from qualified low-income community investments after the sixth
33 anniversary of the issuance of the qualified equity investment, and the qualified low-income
34 community investment shall be considered held by the qualified community development entity
35 through the seventh anniversary of the qualified equity investment's issuance.

36 (7) Such other information required by the authority.

37 (b) Thereafter, the qualified community development entity shall submit an annual report
38 to the authority within 45 days of the beginning of each calendar year during the compliance
39 period. No annual report shall be due prior to the first anniversary of the initial credit allowance
40 date. The report shall include, but is not limited to, the following:

41 (1) Number of employment positions created and retained as a result of qualified low-
42 income community investments.

43 (2) Average annual salary of employment positions described in this subsection.

44 (3) Any information regarding the recapture under Section 45D of the Internal Revenue
45 Code of 1986, as amended, of a federal tax credit available with respect to a qualified equity
46 investment that is eligible for a credit under this article.

47 (4) Any information regarding the qualified community development entity redeeming or
48 making principal repayment with respect to a qualified equity investment prior to the seventh
49 anniversary of the issuance of such qualified equity investment.

50 (5) Any information that the qualified community development entity failed to invest an
51 amount equal to 100 percent of the purchase price of the qualified equity investment in qualified
52 low-income community investments in West Virginia within 24 months of the issuance of the
53 qualified equity investment and maintain that level of investment in qualified low-income
54 community investments in West Virginia until the last credit allowance date for the qualified equity
55 investment. For purposes of this article, an investment shall be considered held by a qualified
56 community development entity even if the investment has been sold or repaid, if the qualified
57 community development entity reinvests an amount equal to the capital returned to or recovered

58 by the qualified community development entity from the original investment, exclusive of any
 59 profits realized, in another qualified low-income community investment within 12 months of the
 60 receipt of such capital. Periodic amounts received as repayment of principal pursuant to regularly
 61 scheduled amortization payments on a loan that is a qualified low-income community investment
 62 shall be treated as continuously invested in a qualified low-income community investment if the
 63 amounts are reinvested in one or more qualified low-income community investments by the end
 64 of the following calendar year. A qualified community development entity shall not be required to
 65 reinvest capital returned from qualified low-income community investments after the sixth
 66 anniversary of the issuance of the qualified equity investment, and the qualified low-income
 67 community investment shall be considered held by the qualified community development entity
 68 through the seventh anniversary of the qualified equity investment's issuance.

69 (6) In the event the authority is provided any information required by subdivisions (3), (4)
 70 and (5) of this subsection, the authority shall provide that information to the Insurance
 71 Commissioner.

CHAPTER 33. INSURANCE.

ARTICLE 3. LICENSING, FEES AND TAXATION OF INSURERS.

§33-3-14e. Credits against premium tax for investment pursuant to the West Virginia New Market Jobs Acts.

1 (a) For the purpose of this section, the term:

2 (1) "Applicable percentage" means zero percent for the first three credit allowance dates
 3 and 15 percent of the qualified equity investment for the next four credit allowance dates;

4 (2) "Compliance period" means the period beginning on the date the qualified equity
 5 investment is initially made and ending on the sixth anniversary of the date of the qualified equity
 6 investment;

7 (3) "Credit allowance date" means with respect to any qualified equity investment:

8 (A) The date on which the investment is initially made; and

9 (B) Each of the six anniversary dates of the date thereafter.

10 (4) "Insurance Commissioner" means the Insurance Commissioner of West Virginia or his
11 or her designee as provided in §15-1-4 of this code.

12 (5) "Purchase price" means the amount paid to the qualified community development
13 entity for a qualified equity investment, which may not exceed the amount of qualified equity
14 investment authority certified pursuant to §31-15D-4 of this code;

15 (6) "Qualified active low-income community business" has the meaning given such term
16 in 26 U. S. C. § 45D, as amended, and 26 C. F. R. Sec. 1.45D-1. Any business that is a nonprofit
17 or derives or projects to derive 15 percent or more of its annual revenue from the rental or sale of
18 real estate is not considered to be a qualified active low-income community business. The real
19 estate exception does not apply to a business that is controlled by or under common control with
20 another business if the second business: (i) Does not derive or project to derive 15 percent or
21 more of its annual revenue from the rental or sale of real estate; and (ii) is the primary tenant of
22 the real estate leased from the initial business. A business shall be considered a qualified active
23 low-income community business for the duration of the qualified community development entity's
24 investment in, or loan to, the business if the entity reasonably expects, at the time it makes the
25 investment or loan, that the business will continue to satisfy the requirements for being a qualified
26 active low-income community business, other than the size and net income standards, throughout
27 the entire period of the investment or loan;

28 (7) "Qualified community development entity" has the meaning given such term in
29 Section 45D of the Internal Revenue Code of 1986, as amended: Provided, That such entity has
30 entered into an allocation agreement with the Community Development Financial Institutions
31 Fund of the U. S. Treasury Department with respect to credits authorized by Section 45D of the
32 Internal Revenue Code of 1986, as amended, which includes the State of West Virginia within
33 the service area set forth in such allocation agreement. An entity shall not be deemed to be

34 controlled by another entity solely as a result of such entity having made a direct or indirect
35 equity investment in the other entity that earns tax credits under Section 45D of the Internal
36 Revenue Code of 1986, as amended, or similar state program. The term shall include subsidiary
37 community development entities of any such qualified community development entity and
38 transferees of qualified equity investment authority pursuant to §31-15D-4 of this code:

39 (8) "Qualified Equity Investment" means any equity investment in a qualified community
40 development entity that:

41 (A) Is acquired after the effective date of this act at its original issuance solely in exchange
42 for cash;

43 (B) Has 100 percent of its cash purchase price used by the qualified community
44 development entity to make qualified low-income community investments in qualified active low-
45 income community businesses located in this state by the second anniversary of the initial credit
46 allowance date; and

47 (C) Is designated by the qualified community development entity as a qualified equity
48 investment hereunder and is certified by the Economic Development Authority pursuant to section
49 §31-15D-4 of this code.

50 This term shall include any qualified equity investment that does not meet the provisions
51 of paragraph (A) of this subdivision if such investment was a qualified equity investment in the
52 hands of a prior holder;

53 (9) "Qualified low-income community investment" means any capital or equity investment
54 in, or loan to, any qualified active low-income community business: Provided, That with respect
55 to any one qualified active low-income community business, the maximum amount of qualified
56 low-income community investments made in such business, on a collective basis with all of the
57 businesses' affiliates, with the proceeds of qualified equity investments certified under §31-15D-
58 4 of this code, shall be \$5 million, exclusive of qualified low-income community investments made
59 with repaid or redeemed qualified low-income community investments or interest or profits

60 realized thereon;

61 (10) "State premium tax liability" means any liability incurred by any entity under §33-3-
62 14, §33-3-14a, §33-3-15, §33-3-16 or §33-3-17 of this code: *Provided*, That if the tax liability
63 imposed under said sections is eliminated or reduced, the term "state premium tax liability" shall
64 also include any tax liability imposed by this state on an insurance company or other person that
65 had premium tax liability under the laws of this state for the purpose of making up tax revenue
66 lost by the state as a result of the elimination or reduction of the taxes imposed under said
67 sections.

68 (b) Any entity that makes a qualified equity investment pursuant to §31-15D-2 of this code
69 shall be allowed an earned and vested tax credit against the entity's state premium tax liability
70 that may be used as follows:

71 (1) The amount of tax credit allowable on each credit allowance date to an entity that
72 makes a qualified equity investment, or to a subsequent holder of the qualified equity investment,
73 shall be annually computed by multiplying the purchase price paid to the qualified community
74 development entity for the qualified equity investment by the applicable percentage for the credit
75 allowance date;

76 (2) The annual credit allowance, computed pursuant to subdivision (1) of this subsection,
77 may be used to offset the entity's state premium tax liability or tax recognized pursuant to
78 provisions of §33-3-16 of this code for tax periods ending on or after the credit allowance date;
79 and

80 (3) The amount of the credit claimed by an entity shall not exceed the amount of such
81 entity's state premium tax liability for the tax year for which the credit is claimed. Any amount of
82 tax credit remaining, after the credit is used as provided in this section, may be carried forward
83 for use in any subsequent taxable year.

84 (c) The Insurance Commissioner may recapture, from the entity that claimed the credit on
85 a return, the tax credit allowed under this article if:

86 (1) Any amount of a federal tax credit available with respect to a qualified equity investment
87 that is eligible for a credit under this article is recaptured under Section 45D of the Internal
88 Revenue Code of 1986, as amended. In such case the Insurance Commissioner's recapture shall
89 be proportionate to the federal recapture with respect to such qualified equity investment;

90 (2) The qualified community development entity redeems or makes principal repayment
91 with respect to a qualified equity investment prior to the seventh anniversary of the issuance of
92 such qualified equity investment. In such case the Insurance Commissioner's recapture shall be
93 proportionate to the amount of the redemption or repayment with respect to such qualified equity
94 investment;

95 (3) The qualified community development entity fails to invest an amount equal to 100
96 percent of the purchase price of the qualified equity investment in qualified low-income community
97 investments in West Virginia within 24 months of the issuance of the qualified equity investment
98 and maintain such level of investment in qualified low-income community investments in West
99 Virginia until the last credit allowance date for the qualified equity investment. For purposes of
100 this article, an investment shall be considered held by a qualified community development entity
101 even if the investment has been sold or repaid, if the qualified community development entity
102 reinvests an amount equal to the capital returned to or recovered by the qualified community
103 development entity from the original investment, exclusive of any profits realized, in another
104 qualified low-income community investment within 12 months of the receipt of such capital.
105 Periodic amounts received as repayment of principal pursuant to regularly scheduled amortization
106 payments on a loan that is a qualified low-income community investment shall be treated as
107 continuously invested in a qualified low-income community investment if the amounts are
108 reinvested in one or more qualified low-income community investments by the end of the following
109 calendar year. A qualified community development entity shall not be required to reinvest capital
110 returned from qualified low-income community investments after the sixth anniversary of the
111 issuance of the qualified equity investment, and the qualified low-income community investment

112 shall be considered held by the qualified community development entity through the seventh
113 anniversary of the qualified equity investment's issuance; or

114 (4) As a result of any violation of §33-3-9 of this code.

115 (d) Recaptured tax credits and the related qualified equity investment authority are eligible
116 for reissuance to qualified community development entities under the provisions of this article and
117 recaptured tax credits shall be reissued:

118 (1) First, pro rata to applicants whose qualified equity investment allocations were reduced
119 pursuant to §31-15D-4(e) of this code, with a preference to applicants who agreed to designate
120 qualified equity investments as federal qualified equity investments; and

121 (2) Thereafter, in accordance with the provisions of this article.

122 (e) Enforcement of the recapture provisions set forth in this section shall be subject to a
123 six-month cure period. No recapture shall occur until the qualified community development entity
124 shall have been given notice of noncompliance and afforded six months from the date of such
125 notice to cure the noncompliance.

126 (f) In rendering letter rulings and making other determinations under this section, to the
127 extent applicable, the Insurance Commissioner shall look for guidance in Section 45D of the
128 Internal Revenue Code of 1986, as amended, and the rules and regulations issued thereunder.

NOTE: The purpose of this bill is to establish a West Virginia business growth in low-income communities tax credit.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.